

My ref: MH/LQ
Your ref:

19th January 2007

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For the attention of Sir Michael

Lyons Enquiry
Room 3/12
1 Horse Guards Road
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Dear Sir Michael

LYONS INQUIRY INTO LOCAL GOVERNMENT – Promoting economic prosperity

Thank you for the further opportunity to contribute to your wide ranging enquiry.

The recent white paper makes some progress in addressing the reinvigoration of local government. We are keen to play our part in this. We are making a vigorous effort to respond to the challenge of improving two tier local government and we anticipate making a submission as a pathfinder for this. We are confident we can provide leadership which addresses both the strategic interests of the county and responds to the needs of smaller communities. But securing a new level of confidence in local government requires local people to see that powers and structures are backed up by financial clout and the capacity to have a direct effect at local level. This is vital too to ensure that the interests of towns and rural areas are not neglected in favour of the major cities by national and regional policy.

County Councils are in a strong position to act strategically and locally. We have the flexibility to work with a wide range of partnerships across varying sectors and boundaries. There is a good case for devolving powers from the regions to county councils to better enable us to do our place shaping role. This includes economic development, strategic planning and housing, transport, public health, police and crime prevention, learning and skills and environmental sustainability.

We urge you, therefore, to focus your review on the principles of devolving funding and functional powers to the local level where they can have greatest effect. It is through this that place shaping will be most effective, local solutions found to local challenges and local government strengthened.

Some detailed comments, related to the specific questions you asked are appended to this letter.

We wish you success in your review and look forward to seeing your final recommendations.

Yours sincerely

A handwritten signature in black ink that reads "Martin Hill." The signature is written in a cursive style with a period at the end.

Councillor Martin Hill
Leader of the Council

See Attached

APPENDIX

RESPONSE FROM THE LEADER OF LINCOLNSHIRE COUNTY COUNCIL

Overall

- *Do local authorities have the powers they need to effectively undertake their place-shaping role, particularly with regard to pursuing economic prosperity?*

In broad terms, Local Government has powers to undertake the role of place shaping. However, there are constraints that impact on these powers. The key to resolving these is greater devolution of funding for economic development and transport.

At present there appears to be a lack of trust in local government by central government, despite some of the rhetoric that is spoken. The same may be said for communities' trust in local government too.

The key to more effective local government will be a greater sense of trust and a belief that local government can both deliver and make a difference. Only with a greater sense of trust is it likely that some of the bureaucratic constraints be removed.

- *How do the issues raised by the three reviews, and the implications of their recommendations, vary between different parts of the country and different kinds of place, for example between rural areas and major cities?*

The implications of the studies on rural areas will be different. The Eddington Report identifies the strategic economic priorities for transport. If adopted, it is likely that spending priorities will be directed to urban areas and their catchments, inter-urban routes and international gateways. This could leave rural areas under-funded and lead to social exclusion because of the additional cost of providing accessibility to services in rural areas compared to urban conurbations,

- *Are there any other aspects of these reviews relevant to local authorities and to their place-shaping role that I have not identified? If so, what are they and what are their implications?*

Eddington Transport Study

Governance

- *Can local authorities work effectively in partnership to deliver transport outcomes or are new/reformed institutions necessary?*

The Local Government White Paper and Bill put greater emphasis on the leadership of local government. Given more powers of leadership, it will be possible to build on the partnerships that local government already forms.

- *What are the key behaviours required of local authorities to work in such partnerships? Would new institutional or contractual arrangements be needed to support them?*

The Local Government Bill will encourage constructive behaviours in any case and it is unlikely that transport issues will require anything different. In two-tier areas County Councils will need to work with district councils on accessibility issues. The only new institutions may be where multi-area arrangements could be beneficial.

- *Do the issues not considered by Eddington – particularly the potential benefits of aligning transport with other policy powers – alter the best overall design for governance arrangements?*

While Unitary Local Government appears to offer an optimum arrangement, there are benefits of improving the two tier system.

- *How could local government make use of any new bus powers in line with its broader role in promoting economic development?*

It is not clear that in Lincolnshire the bus powers will have any significant effect on promoting economic development, other than in possibly making Lincoln, Boston and Grantham more attractive. The new bus powers are likely to have a greater impact on social cohesion and inclusiveness, than economic outputs.

Convening

- *How can local authorities make the links between transport and other elements of economic development and quality of life most effectively at the local level?*

To be effective partners need to work together at a sub-regional level (county or several smaller unitaries). The loss of Structure Plans has been a backward step so it will be necessary to ensure that Regional Planning Bodies develop sub-regional spatial strategies with their County and Unitary authorities.

Funding

- *How could current funding arrangements best be reformed to support cost effective and appropriate spending and investment decisions at sub-national level?*
- *What transport funding sources are most appropriately managed by local bodies? What would be the most appropriate incentives to encourage the adoption of demand management options at a local level?*
- *Local authorities currently retain the revenues from local road pricing schemes. How might further developments in this area affect the use of those revenues?*

The present emphasis on the Regional Tier of governance is distorting the ability of local authorities to adequately reflect needs which are genuinely local rather than having a Regional impact. While this authority has a track record of low council tax, as a matter of principle it should be for each council to determine its own financial framework and be accountable to its electorate for that. Therefore, such measures as capping, should be removed. Any money raised from specifically local initiatives should be retained locally.

Barker Review of Land Use Planning

Governance

- *What specific measures are needed to ensure that local planning authorities have appropriate flexibility over issues of solely local impact? Are there particular implications from the Review's recommendations on the use of green belt land?*
- *What different approaches could be taken to enable strategic decisions to be taken at an appropriate spatial level? Can local authorities work effectively in partnership across wider areas to do this or are new/reformed institutions necessary?*

- *What role should local authorities have in relation to a future independent Planning Commission, and how should they best work with local communities on their concerns and potential benefits?*

While some matters clearly need to be considered at a regional level, the present emphasis on this tier, which has no direct democratic mandate, has weakened local government, particularly at a sub-regional county level.

It is recognised that some issues may have significant national impacts that could be better dealt by a national body. However, the advantage of the local authority based system is that local communities can identify the decision takers and hold them to account. An independent Planning Commission is better than decisions being left to a Secretary of State. Local authority input to the Commission's deliberations must be taken into account in a transparent manner.

Convening

- *How can local authorities link work on planning, housing and transport issues together most effectively?*

Local councils used to do this through the Structure Plan process, so there is a need to undertake sub-regional planning, preferably at a County level. This needs to be undertaken jointly with districts in two-tier areas.

Funding

- *What would be the most effective and practical means of creating incentives for local authorities to support appropriate growth?*
- *How should the empty property relief in business rates be reformed? How should a charge on vacant and derelict brownfield land be introduced into the existing local land and property tax system? Would any local flexibility on such measures be desirable?*

Leitch Review of Skills

Governance

- *With their new strategic leadership role, how can local authorities relate most effectively to a reformed Learning and Skills Council on 14-19 education issues? What are the merits of the different options for managing the division of these responsibilities?*

The focus of the Leitch Report is on creating better partnerships between learners, providers and employers. Local authorities will have increased ability to both inform and influence the LSC agenda. The key task is to match the aspirations and objectives of the LSC with the ambitions and priorities of the local authority. At the moment there is sometimes a mismatch between the corporate agendas of the two organisations and this can lead to contradictions, tensions and potential conflict. The new strategic leadership role of local authorities puts them in a better position to align their agendas with LSC direction and funding

Convening

- *What links need to be made between employment and skills provision, and other local services and responsibilities?*
- *What role should local authorities play in a new demand-led skills system?*

- *What role should local authorities play in the proposed Employment and Skills Boards, to ensure skills and employment issues are properly linked to wider work on economic prosperity and development?*

Local authorities can assist in creating close links between employment and skills provision, and other local services and responsibilities. Current skills and employment services have different aims and so there is a complicated range of agencies delivering services and advising people. The risk is people will be trapped in worklessness or low paid employment. If they do not get the support they will not progress. Local authorities can provide some of this support and help learners to make sense out of the system.

A key recommendation of the Leitch report is demand led funding to strengthen employer engagement. Evidence from Train to Gain is showing that this is happening. The review has highlighted the complexity and bureaucracy of the system for delivering skills and its reliance on planning supply rather than meeting needs of customers. The review emphasises demand led funding, strengthening the employer voice and ensuring qualifications reflect economically valuable skills. The role which local authorities can play in this new demand led skills system is to:

- help to raise aspirations by improving awareness of the benefits of skills so that more people choose to improve their skills
- provide effective information and advice so that those who do return to learning have the help they need to make informed choices about future career development
- directly provide or promote and facilitate the financial support that some people need in order to improve their skills

Employment and skills services will be integrated via a new universal careers service and so offering greater choice via the creation of employer led Employer Skills Boards (ESBs). When individuals find work they will be linked into work support. Local authorities have a key role to play in the proposed ESBs to ensure skills and employment issues are properly linked to wider work on economic prosperity and development.

Funding

- What implications for local authority funding do the Leitch recommendations or related proposals have?

One vital aspect of embedding a culture of learning will be ensuring that people can afford to learn via a Skills Development Fund for those wanting to improve basic and level 2 skills. There may be financial implications for local authority funding with regard to:

- supplementing central funding to provide an improved learning offer to targeted learners
- complementing central funding by providing learning opportunities for those who do meet the criteria of employment and skills focused learning.